

INTERIM
REPORT
2022

深圳市元征科技股份有限公司
LAUNCH TECH COMPANY LIMITED



創新在改變
Create ñ Change



LAUNCH

深圳市元征科技股份有限公司

LAUNCH TECH COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2488)

2022 INTERIM REPORT

I. FINANCIAL INFORMATION

(All amounts in RMB'000 unless otherwise stated)

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	30 June 2022	31 December 2021 (Audited)
Current assets:			
Bank balances and cash		426,285	415,352
Trading financial assets		3,954	38
Bills receivable		24,385	27,765
Accounts receivable	4	192,506	172,519
Accounts receivable financing		30,218	11,520
Prepayments		46,063	56,974
Other receivables		75,062	24,011
Inventories	5	250,087	212,761
Other current assets		<u>21,436</u>	<u>20,278</u>
 Total current assets		 <u>1,069,996</u>	 <u>941,218</u>
Non-current assets:			
Long-term equity investment		4,074	4,653
Investment in other equity instruments		6,499	4,061
Investment Property		56,292	58,779
Fixed assets		188,258	196,880
Construction in progress		255,925	219,587
Right-in-use assets		3,085	3,085
Intangible assets		91,093	100,655
Goodwill		1,139	1,139
Deferred income tax assets		4,338	4,338
Other non-current assets		<u>21,178</u>	<u>21,178</u>
 Total non-current assets		 <u>631,881</u>	 <u>614,355</u>
 Total assets		 <u>1,701,877</u>	 <u>1,555,573</u>

* For identification purpose only

	<i>Notes</i>	30 June 2022	31 December 2021 (Audited)
Current liabilities:			
Short-term borrowings		141,901	395,572
Bills payable		1,115	–
Accounts payable	6	185,249	216,985
Contract liabilities		90,028	84,132
Employee remuneration payable		4,661	22,245
Tax payables		18,875	15,789
Other payables		17,496	27,735
Non-current liabilities due within one year		3,119	3,119
Other current liabilities		39,214	35,855
		<hr/>	<hr/>
Total current liabilities		501,658	801,432
Non-current liabilities:			
Long-term borrowings		404,185	–
Non-current liabilities due within one year		200	200
Deferred income		7,116	8,165
Deferred tax liabilities		224	224
		<hr/>	<hr/>
Total non-current liabilities		411,725	8,589
		<hr/>	<hr/>
Total liabilities		913,383	810,021
Shareholders' equity:			
Share capital		432,217	432,217
Capital reserve		411,682	411,682
Other comprehensive income		(6,069)	(7,811)
Surplus reserve		41,037	41,037
Undistributed profit	7	(90,597)	(131,801)
		<hr/>	<hr/>
Total owners' equity attributable to parent company		788,270	745,324
Minority shareholders' equity		224	228
		<hr/>	<hr/>
Total shareholders' equity		788,494	745,552
		<hr/>	<hr/>
Total liabilities and shareholders' equity		1,701,877	1,555,573
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
	Notes	2022	2021
Operating income	3	549,331	641,636
Less: Operating costs		333,372	384,550
Tax and surcharge		6,446	4,780
Selling expenses		47,193	49,902
Administrative expenses		35,132	37,945
R&D expenses		85,815	103,890
Finance costs		1,572	8,868
Other revenue		8,320	11,156
Gain in investment		(579)	48
Impairment loss on assets and credit and loss on fair value change		4,819	14,214
Operating profit		42,723	48,691
Add: Non-operating income		172	1,838
Less: Non-operating expenses		348	2,025
Total profit		42,547	48,504
Less: Income tax expenses	8	1,347	1,750
Net profit		41,200	46,754
Profit or loss attributable to minority shareholders		(4)	–
Net profit attributable to owners of parent company		41,204	46,754
Earnings per share:			
Basic earnings per share (RMB)	9	0.095	0.108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The Company carried out recognition and measurement on a going concern and actual transaction and event basis in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations (hereafter referred to as “the Accounting Standards for Business Enterprises”), in combination with the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (amended in 2014) issued by the China Securities Regulatory Commission (CSRC) and prepared the Financial Statements. The accounting policies are consistent with those adopted in the preparation of the Group’s 2021 annual results.

In addition, the Financial Statements have also complied with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

2. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS

(1) Accounting period

The Reporting Period is from 1 January to the six months ended 30 June 2022.

(2) Reporting currency

Renminbi was adopted as the reporting currency. The Company’s foreign subsidiaries choose their reporting currencies on the basis of the primary economic environment in which they operate and converted into RMB when preparing financial statements.

(3) Method of preparing consolidated financial statements

All subsidiaries were included in the consolidated financial statements

The subsidiaries that are within the scope of the consolidation shall have the same accounting policies and the accounting periods with those of the Company. In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting periods of the Company. Based on the financial statements of the Company and its subsidiaries, the consolidated financial statements are prepared by the Company according to other relevant information and after the long-term equity investments in the subsidiaries are adjusted in accordance with the equity method. When consolidating the financial statements, the effects of intra-transactions between the Company and its subsidiaries, and among subsidiaries on

the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity shall be offset.

3. OPERATING INCOME

Income from main operations includes the net value of the received and receivable for the sales of different types of vehicle maintenance equipment, and provision of internet upgrade service.

	For the six months ended 30 June	
	Current year	Previous year
Revenue from main operations	525,016	615,489
Revenue from other operations: rent	24,315	26,147
	<u>549,331</u>	<u>641,636</u>

4. ACCOUNTS RECEIVABLE

Accounts receivable

The Company basically used credit terms when dealing with customers and normally offered credit period from 30 days to 210 days. Should a customer possessed long and good records or in case of being a major customer, or under the circumstances that the Company would like to maintain prolong operational relationship, and then a different credit period might be considered.

	At the period end	At the beginning of the year
Accounts receivables	271,256	246,987
Less: provision for bad debts	78,750	74,468
Net amount	<u>192,506</u>	<u>172,519</u>

Aging

Within 1 year	194,650	179,132
Over 1 year	76,606	67,855
	<u>271,256</u>	<u>246,987</u>

5. INVENTORIES

	At the period end	At the beginning of the year
Raw materials	26,722	25,445
Work in progress	773	1,344
Finished goods	156,724	120,813
Consigned processing materials	60,853	63,496
In-house WIP	5,015	1,663
	<u>250,087</u>	<u>212,761</u>

6. ACCOUNTS PAYABLE

Aging	At the period end	At the beginning of the year
Within 1 year	178,991	211,722
Over 1 year	6,258	5,263
	<u>185,249</u>	<u>216,985</u>

7. UNDISTRIBUTED PROFITS

Current year

	Amount
As at the beginning of the period	(131,801)
Add: net profit attributable to owners of parent company in the current period	<u>41,204</u>
As at the end of the period	<u>(90,597)</u>

8. INCOME TAX EXPENSE

	Applicable tax rate
The Company	25.00%
Launch Software Development Co., Ltd.	15.00%
Shanghai Launch Mechanical Equipment Co., Ltd.	25.00%
Launch Europe GmbH	19.00%
Shenzhen Golo Internet of Vehicle Data Technology Co., Ltd.	15.00%
Xi'an Launch Software Technology Co., Ltd.	25.00%
Shenzhen PengJuShu Information Technology Co., Ltd.	12.50%
Launch Tech International Co., Ltd.	16.50%
Nanjing Launch Intelligent Technology Co., Ltd.	25.00%
Shenzhen Launch Future Auto Technology Co., Ltd.	25.00%
Nanjing Golo Big Data Technology Company Limited	25.00%
Hainan Launch Education Technology Co., Ltd.	25.00%
Launch Italy GmbH	24.00%
Shenzhen Yuan Xiang Li Heng Technology Co., Ltd.	25.00%
Shenzhen Yi Kong Li Chu Software Development Co., Ltd.	25.00%
Foshan Yi Da Vehicle Data Technology Co., Ltd.	25.00%
Shenzhen Launch Information Technology Development Co., Ltd.	25.00%

9. EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit for holders of ordinary share of the parent company by average weighted number of outstanding ordinary shares of the parent company.

Items	Current year	Previous year
Consolidated net profit for holder of ordinary shares of the parent company	41,205,000	46,754,000
Average weighted number of outstanding ordinary shares of the parent company	432,216,600	432,216,600
	Shares	Shares
Basic earnings per share (RMB/share)	0.095	0.108
After adjustment (RMB/share)	0.095	0.108

(2) Diluted earnings per share

As there was no ordinary share with dilutive potential for the year 2022 and 2021, thus no diluted earnings per share is presented.

10. DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2022 (2021: Nil).

11. SUBSIDIARIES

Name of the corporation	Shareholding	Business nature	Registered capital
Shanghai Launch Mechanical Equipment Co., Ltd.	100%	Manufacturing of equipment and machines for maintenance of automobiles	USD18,000,000
Launch Software Development Co., Ltd.	100%	Software development	RMB40,000,000
Launch Europe GmbH	100%	Sales of LAUNCH products	EURO25,564.59
Xi'an Launch Software Technology Co., Ltd.	100%	Software development	RMB100,000,000
Shenzhen Golo Internet of Vehicle Data Technology Co., Ltd.	100%	Automotive warranty equipment industry	RMB10,000,000
Shenzhen PengJuShu Information Technology Co., Ltd.	100%	Technology development	RMB2,000,000
Launch Tech International Co., Ltd.	100%	Automotive warranty equipment industry	HKD50,000
Nanjing Launch Intelligent Technology Co., Ltd.	100%	Technology development	RMB50,000,000
Shenzhen Launch Future Auto Technology Co., Ltd.	100%	Technology research and development	RMB1,000,000
Nanjing Golo Big Data Technology Co., Ltd.	100%	Software and information technology services	RMB10,000,000
Launch Italy GmbH	100%	Software and information technology services	EURO50,000.00
Hainan Launch Education Technology Co., Ltd.	70%	Software and information technology services	RMB10,000,000
Shenzhen Yuan Xiang Li Heng Technology Co., Ltd.	100%	Software and information technology services	RMB1,000,000
Shenzhen Yi Kong Li Chu Software Development Co., Ltd.	100%	Software and information technology services	RMB10,000,000
Foshan Yi Da Vehicle Data Technology Co., Ltd.	60%	Software and information technology services	RMB 3,000,000
Shenzhen Launch Information Technology Development Co., Ltd.	100%	Software and information technology services	RMB5,000,000

12. CONTINGENT LIABILITY

At the end of the Reporting Period, the Company did not have any significant contingent liability.

13. PLEDGE OF ASSETS

As at 30 June 2022, the Company pledged land, properties and buildings with original value approximately amounting to 285,000,000 for certain bank borrowings.

14. CAPITAL AND OPERATING COMMITMENT

As at 30 June 2022, the Company did not have any significant capital and lease commitment.

15. POST-BALANCE SHEET EVENT

There is no material post-balance sheet event which is required to be disclosed but has not been disclosed.

II. MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS FOR THE FIRST HALF OF 2022

In the first half of 2022, due to the COVID-19 pandemic, supply chain and geopolitical factors, sales of the top five global automotive companies declined year-on-year, while in China, according to the China Association of Automobile Manufacturers (“CAAM”) statistics, vehicle production and sales from January to June 2022 were 12.117 million and 12.057 million units respectively, decreased by 3.7% and 6.6% year-on-year.

Affected by the volatility of the industry, results of the Group in the first quarter of 2022 decreased. We have adopted proactive measures to cope with the situation and results gradually stabilised in the second quarter, posting a quarter-on-quarter growth of 53.98%, and the recovery trend remains unchanged. At the same time, the Group’s business model transformation is paying off, with encouraging progress made in terms of profit margin improvement and software revenue growth.

Financial

For the six months ended 30 June 2022, the Group’s revenue amounted to approximately RMB549 million, representing a decrease of approximately 14% as compared to the same period last year. The decrease in revenue was mainly due to 1) a shortage in the supply of products from the Group’s production base in Shanghai (Shanghai Launch Mechanical Equipment Co., Ltd.) as it suspended production due to the negative impact of the pandemic, and production of lift products from this base decreased by approximately RMB59,000,000 as compared to the same period last year; and 2) the Company increased efforts on promotional events to boost its business.

For the six months ended 30 June 2022, the Group’s net profit was approximately RMB41,000,000, a decrease of approximately 12% as compared to the same period last year. On the other hand, net profit margin increased by 21 basis points to 7.50%. The decrease in net profit but increase in net profit margin was mainly due to the increase in the share of its high-end product PAD and software services.

Since the end of 2021, the Group has been shifting its source of profit from “equipment-driven” to “software + operations-driven”, with focus put on software and explored potential gross profit from operations. In the first half of 2022, the software business alone recorded a 75% year-on-year increase in revenue, and the transformation of the business model has begun to bear fruit. In addition, investment in research and development showed positive outcome, with the proportion of sales revenue from high-end products PAD increased by 3.33 percentage points to 15.81%.

Customers

Possessing a service base of nearly one million terminals, the Group’s diagnostic products have reached 800,000 monthly active users and over 250,000 daily active users, generating an average of nearly 600,000 diagnostic reports daily.

Questionnaire surveys show that the Group’s product quality satisfaction and service satisfaction levels remain high at 88% and 89% respectively, continuing to drive growth in user numbers, stickiness and recognition.

Internal operations

In the first half of 2022, the Group restructured its organisation and divided its departments into four categories, namely product lines, channels, shared centres and headquarter functions. Among them, product lines were re-divided into comprehensive diagnostics, DIY, industry professional diagnostics, software, Internet of Vehicles and OEM products, and new energy vehicle diagnostics and commercial vehicle diagnostics were added as new product lines to create a user-focused automotive diagnostic intelligence platform.

For new energy vehicle diagnostics, the Group launched the new X-431 EV MAX new energy vehicle intelligent diagnostic equipment in June 2022, providing solutions for whole vehicle inspection and specialised new energy battery inspection.

For intelligent marketing, the Group launched its intelligent business platform, CICP, in April 2022 to build a solid business unit of “customer-sales-services partnership”, intelligently pushing sales leads, dynamically adjusting dealer inventories, improving the sales approach based on operations and retaining customers with services.

For product operations, the Group has increased its investment in the Super Remote Diagnostic Platform to create a diagnostic platform that connects senior overhaul technicians across the industry, so that automotive overhaul is no longer restricted by location, diagnostic equipment, car models and types of faults. The platform is now operating steadily, with daily transactions in China reaching nearly 3,000 orders.

For its supply chain, the Group embarked on improving efficiency, identifying and cultivating high quality outsourcing partners and streamlining the number of SKUs for products. Outsourcing for the production of most machines has been completed as planned, and product package has been streamlined by 74.36%.

Learning and Growth

As at 30 June 2022, the Group had obtained a total of 737 state-authorised patents, including 641 invention patents and 342 PCT patents; and 263 software copyrights were registered. Among them, the Group obtained 136 state-authorised patents in the first half of 2022, including 132 invention patents and 1 PCT patent; and 12 software copyrights were registered.

At the same time, the Group continues to increase its efforts in intelligent training by adding a series of operational training courses; and by introducing the iDSTE strategic management system, employees are guided to align their personal career growth with our goals in order to create a win-win situation for both the Company and the employees.

Outlook and future strategy

Looking ahead to the second half of 2022, the Group faces both opportunities and challenges in light of the of recurring global pandemic, escalating geopolitical conflicts and semiconductor shortages, as well as lingering economic downside risks and heightened supply chain uncertainties. Nevertheless, the Group still has confidence and aspirations in the long-term positive fundamentals of China's economy. We believe that the short-term pressure in the automotive industry will not change the medium to long-term growth and prosperity, and we continue to be positive about and proactively embrace the trend of new energy, intelligence and networked vehicles.

The Group will:

1. increase its business development efforts to promote the recovery of sales revenue and profit; continue to promote the Company to shift its source of profit from "equipment-driven" to "software + operation-driven" and increase the proportion of software business revenue in terms of financial aspect;
2. increase the number of users and active users, and providing high quality products and services based on "satisfying the user" in terms of customer aspect;
3. proactively expand the new energy vehicle diagnostic business to build an integrated new energy vehicle service system of "sales + service + car manager"; operate an intelligent business platform and a super remote diagnostic platform; and explore more outsourcing partners to reduce costs, take advantage of scale and improve supply chain efficiency in terms of internal operations;
4. promote the implementation of the iDSTE strategic management system and encourage more employees to participate in intelligent training in terms of learning and growth.

FINANCIAL ANALYSIS

Analysis of financial status during the Reporting Period is as follows:

Profit position

	Current year	Last year
Gross profit margin	39%	40%
Net profit margin	7.5%	7.3%

Analysis of profit changes in the first half of the year compared with the same period last year is as follows (in RMB million):

Decrease in gross profit due to the decrease in sales	(40)
Decrease in credit impairment	10
Decrease in finance cost	7
Decrease in operating expenses	17
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	(6)
	<hr/> <hr/>

In the first half of the year, inventories and trade receivables increased resulting from the setback of sales pressure and the slowdown in speed of payment collection amid the impact of environmental factors. With the adoption of cost and expense control measures to cope with the sales pressure, there was also a drop in the main expenses of the first half of the year, while the increase in interest expenses was also compensated by the foreign exchange gains. Both gross profit margin and net profit margin in operations of the first half of the year were effectively maintained at a similar level as last year.

<i>Other income and expenses (RMB million)</i>	Current year	Previous year
Rental income	24	26
Interest income	0.6	0.5
Interest expense	11	5
Depreciation and amortisation	15	15

Position of assets, liabilities and equity interests

Total assets value amounted to RMB1,702,000,000 during the Reporting Period, representing an increase of 9% from the beginning of the year, which was mainly due to the increase in inventories, receivables and other trade receivables, construction in progress and intangible assets. Total liabilities amounted to RMB913,000,000, increased by 13% as compared with the beginning of the year, mainly due to increase in bank loans. Total equity interest attributable to shareholders amounted to RMB788,000,000. As at the end of the period, the Company's gearing ratio (total liabilities/interest attributable to shareholder) was 1.16 (At the beginning of the period: 1.09).

Principal Sources and Usage of Fund

As at the end of the Period, cash has increased by approximately RMB11,000,000.

Cash flows from operating activities

The Company's cash inflow from operating activities during the Reporting Period was mainly derived from revenue of goods selling. Cash outflow was mainly related to production and operating activities. The Company's net cash inflow from operating activities for the Reporting Period amounted to RMB29,000,000.

Cash flows from investing activities

Cash inflow from investing activities during the Reporting Period was insignificant. Net cash outflow from investing activities amounted to RMB33,000,000, which was mainly used for capital expenditure on purchase of plant facilities and R&D. The above expenditures were mainly financed by the Company's internal resources.

Cash flows from financing activities

Net cash inflow from financing activities during the Reporting Period amounted to RMB15,000,000 and mainly relating to increase in bank loans.

III. NOTES TO OTHER MATERIAL EVENTS

1. Scope of consolidation

During the Reporting Period, there was no material change in respect of the consolidation.

2. Review of financial statements for the Reporting Period by the audit committee

The 2022 interim financial statements has been reviewed and confirmed by the audit committee of the Board of the Company.

3. Code on Corporate Governance Practices

During the Reporting Period, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited.

As of the date of this report, (i) the total number of independent non-executive Directors is less than three and accounts for less than one-third of Board members, and hence the Company fails to meet the requirements of Rule 3.10(1) and Rule 3.10A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"); and (ii) the number of members of the audit committee of the Company will fall below the minimum number as required under Rule 3.21 of the Listing Rules.

The Board will identify a suitable candidate with appropriate background and qualification for appointment as an independent non-executive Director and will fill the vacancy as soon as possible and within three months as required under the Listing Rules.

4. Model Code for securities transactions by directors and supervisors

During the Reporting Period, the Company has adopted a set of code of practice regarding securities transactions by directors and supervisors on terms no less exacting than the standards set out in the Model Code in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors and supervisors, the Company confirmed that, each of the Directors and supervisors has complied with the required standards regarding securities transactions by directors set out in the Model Code within the 6 months ended 30 June 2022.

5. Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's articles of association, the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

6. Major clients and suppliers

Total revenue from the top five customers of the Company was approximately RMB146,000,000, accounting for approximately 28% of total revenue for the period. The largest customer accounted for approximately 19% of the total revenue for the period.

Total purchases from top five suppliers of the Company amounted to RMB97,000,000, accounting for approximately 29% of the total purchases for the period. The largest supplier accounted for approximately 12% of the total purchases for the period.

None of the directors, their respective associates, or any shareholders (which to the knowledge of the directors own more than 5% of the share capital of listed issuer) had any interest in any of the five largest customers or the five largest suppliers.

7. Share capital

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares or had any share options granted under the share option scheme.

IV. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

(a) Interests and short positions of Directors, chief executives and supervisors of the Company in the share capital of the Company and its associated corporations

As at 30 June 2022, the Directors, chief executives and supervisors of the Company have the following interests and short positions in the shares, debentures or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which have been required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which have been required, pursuant to the Model Code For Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares

Domestic Shares

Name of Director	Capacity in which shares were held	Number of domestic shares	Approximate percentage of the Company's issued domestic shares	Approximate percentage of the Company's total issued shares
Mr. Liu Xin	Beneficiary owner	79,200,000	31.23%	18.32%
	Interest in a controlled company	59,318,400	23.39% (Note 1)	13.72%
	Interest in a controlled company	11,938,200	4.71% (Note 2)	2.76%
	Interest in a controlled company	35,160,000	13.87%	8.13%

Notes:

- Mr. Liu Xin holds 60.00% interest in 深圳市浪曲科技開發有限公司 (“Shenzhen Langqu”) which holds approximately 23.39% interest in the issued domestic shares of the Company. By virtue of Mr. Liu Xin's holding more than one-third interest in Shenzhen Langqu, Mr. Liu Xin is deemed, under Part XV of the SFO, to be interested in approximately 23.39% interest in the issued domestic shares of the Company apart from his personal interest of 40.00% interest in the issued domestic shares of the Company.

- (2) Mr. Liu Xin holds 40.00% interest in 深圳市得時域投資有限公司 (“Shenzhen De Shi Yu”) which holds approximately 4.71% interest in the issued domestic shares of the Company. By virtue of Mr. Liu Xin’s holding more than one-third interest in Shenzhen De Shi Yu, Mr. Liu Xin is deemed, under the Part XV of the SFO, to be interested in 4.71% interest in the issued domestic shares of the Company apart from his personal interest of 40.00% interest in the issued domestic shares of the Company.
- (3) Shenzhen Yuan Zhong Cheng You Consultancy Limited Partnership (Limited Partnership)* (深圳市元眾成有諮詢有限合夥(有限合夥)) (“Shenzhen Yuan Zhong”) is a limited partnership established in PRC and controlled by Mr. Liu Xin for holding 35,160,000 Domestic Shares. The general partner of Shenzhen Yuan Zhong is Mr. Liu Xin and the limited partner of Shenzhen Yuan Zhong is Shenzhen Gu Lu Yun Intelligent Technology Co., Ltd.* (深圳市韜輓雲智能科技有限公司), which is a PRC limited company wholly owned by Mr. Liu Xin.

Save as disclosed above, as at 30 June 2022, none of the Directors, chief executives or supervisors of the Company has any personal, family, corporate or other interests or short positions in any shares, debentures or underlying shares of the Company or any of its associated corporations as defined in the SFO.

(b) Persons and substantial shareholders who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as known to the Directors, as at 30 June 2022, the following (not being a Director or supervisor of the Company) have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in shares and underlying shares in the Company

(i) Domestic Shares

Name	Capacity in which shares were held	Number of domestic shares	Approximate percentage of the Company’s issued domestic shares	Approximate percentage of the Company’s total issued shares
Nil				

(ii) *H Shares*

Name	Capacity in which shares were held	Number of domestic shares	Approximate percentage of the Company's issued H Shares domestic shares	Approximate percentage of the Company's total issued shares
Nil				

V. DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period ended 30 June 2022.

VI. INTERIM REPORT AND OTHER INFORMATION

This report will be set out on the websites of the Company (www.cnlaunch.com) and the Stock Exchange (www.hkexnews.hk). Interim report will be despatched to shareholders and will be published on the aforesaid websites in due course.

By Order of the Board
Launch Tech Company Limited*
Liu Xin
Chairman

Shenzhen, the PRC
29 August 2022

As at the date of this report, the Board of the Company comprises Mr. Liu Xin (Chairman), Mr. Liu Guozhu, Ms. Huang Zhao Huan and Mr. Jiang Shiwen as executive Directors, Mr. Peng Jian as non-executive Director, and Ms. Zhang Yanxiao and Mr. Ning Bo as independent non-executive Directors.

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深圳市元征科技股份有限公司
LAUNCH TECH COMPANY LIMITED

於中華人民共和國註冊成立之股份有限公司
A Joint Stock Limited Company Incorporated
In The People's Republic Of China With Limited Liability

股份代號：HK2488
STOCK CODE：HK2488

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